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**Public Service Commission**  
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David L. Armstrong  
Chairman

James Gardner  
Vice-Chairman

John W. Clay  
Commissioner

July 2, 2008

Joe Cornwell  
Chairman  
Fountain Run Water District #1  
226 Main Street  
P.O. Box 118  
Fountain Run, KY 42133

CERTIFICATE OF SERVICE

RE: Case No. 2008-00209  
Fountain Run Water District #1

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on July 2, 2008.

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Executive Director

SS/tw  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT  
OF FOUNTAIN RUN WATER DISTRICT

) CASE NO.  
) 2008-00209

ORDER

On June 10, 2008, Fountain Run Water District No. 1 ("Fountain Run") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Fountain Run purchases water from Glasgow Water Company ("Glasgow") and Monroe County Water District ("Monroe").
2. Glasgow notified Fountain Run that, effective with its July 1, 2008 billing, Glasgow's wholesale rate to Fountain Run would increase from \$1.40 per 1,000 gallons to \$1.75 per 1,000 gallons.
3. Fountain Run incorrectly calculated its increased water cost. The correct calculation of Fountain Run's increased water cost is set forth in Appendix A.
4. During the 12-month period ending July 1, 2008, Fountain Run purchased 47,679,500 gallons of water from Glasgow and 7,674,900 from Monroe and sold 44,977,733 gallons of water. The increase in the cost of purchased water is \$16,687.83, resulting in a purchased water adjustment factor of \$0.38 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.38 per 1,000 gallons is fair, just, and reasonable and should be approved.

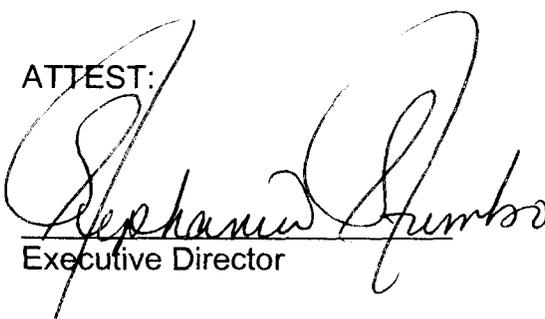
IT IS THEREFORE ORDERED that:

1. The rates proposed by Fountain Run are denied.
2. The purchased water adjustment factor of \$0.38 per 1,000 gallons as calculated in Appendix A is approved.
3. The rates in Appendix B, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for service rendered on or after July 1, 2008.
4. Within 20 days of the date of this Order, Fountain Run shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of July, 2008.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00209 DATED JULY 2, 2008

	New Rate	Base Rate
Glasgow Water Company		
Purchases in gallons	47,679,500	47,679,500
Volumetric rate	<u>\$ 1.75/1,000</u>	<u>\$ 1.40/1,000</u>
	\$83,439.13	\$66,751.30

Increased water cost      \$16,687.83

Increased water cost                      \$ 16,687.83  
Divided by gallons sold                      44,977,733  
Purchased water adjustment factor      \$0.38 per 1,000 gallons

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00209 DATED JULY 2, 2008

The following rates and charges are prescribed for the customers in the area served by Fountain Run Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### RATES

##### Monthly Water Rates

First	2,000 gallons	\$ 13.02	Minimum Bill
Next	3,000 gallons	4.51	per 1,000 gallons
Next	5,000 gallons	4.11	per 1,000 gallons
Next	10,000 gallons	3.67	per 1,000 gallons
Over	20,000 gallons	3.31	per 1,000 gallons